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CONFIDENTIALDEPARTMENT OF STATE
OPERATIONS CENTERPOLAND WORKING GROUP

Situation Report No. 38

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Situation in Poland as of 0500 EST December 30, 1981

President Reagan announced the following measures against the Soviet Union for its role in the Polish crisis:

- All Aeroflot service to the US will be suspended.
- The Soviet Purchasing Commission is being closed.
- The issuance or renewal of licenses for the export to the USSR of electronic equipment, computers and other high technology materials is suspended.
- Negotiations for a new long-term grain agreement are being postponed.
- Negotiations on a new US-Soviet Maritime Agreement are being suspended and a new regime of port-access controls will be put into effect for all Soviet ships when the current agreement expires on December 31.
- Licenses will be required for export to the Soviet Union for an expanded list of oil and gas equipment. Issuance of such licenses will be suspended.
- US-Soviet exchange agreements, coming up for renewal in the near future, including the agreements on energy, science and technology, will not be renewed.

Major General TADEUZ SZACILO, the official spokesman of the Polish Military Council, told a group of foreign correspondents on December 29 that there were no strikes nor similar protest actions underway in the country, noting that the last protest action ended December 28 at the PIAST MINE, when all the miners, who had spent two weeks underground, abandoned the pit. Szacilo also said that the functioning of the Polish Party under the condition of the "state of war" was defined under judicial regulations and the party acted in keeping with them. The Military Council is not an institution like the party, he said, but it serves the party.

Martial law, according to a Polish diplomat in Moscow (protect) is likely to last several months at least. He believes that General Jaruzelski will begin to implement his economic reform program, strengthen the Party's position and turn the economy around before lifting martial

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law. He said that a restructuring of the Party is taking place (read purge) and a process of "democratization" is possible.

A Polish government press spokesman said eight people have died in Poland since the introduction of martial law, including seven coal miners killed in Silesia on December 16 and one death resulting from a street demonstration in Gdansk. A total of 5,050 people have been interned since the introduction of martial law, but 580 have since been released, he said. Moreover, internees have contact with their families and recourse to legal counsel.

Several decisions by provincial and military district courts for violations of martial law provisions were announced on Polish TV December 29. They range from eight years in a case involving the transportation of leaflets to three years for preparing and proclaiming strike actions in a factory.

Beginning January 1, 1982, economic reform in Poland will cause price changes for raw materials, production goods and charges for power and transportation of commodities. The prices of most items, especially non-foodstuffs, are to be freely fixed by producers and without interference by the State. Under these conditions, prices must cover the costs of production and guarantee a relevant profit for the producer. This reform measure will bring about a considerable rise in prices for basic production materials, which will ultimately be passed through and be reflected in higher retail prices. For example, crude oil prices to industry will increase seven fold, while hard coal costs to power plants will be quadrupled. Changes for gas and oil products, metal products, wood, cement and chemicals will show similar increases.

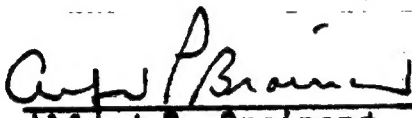
Warsaw's domestic TV Service reported December 29 that intensive transshipment of large food consignments from the Soviet Union have been arriving in Poland. Since the end of November, 32,000 tons of meat having been transferred from Soviet railcars to Polish State rail vehicles. Eight thousand additional tons of meat from the USSR and 2,000 tons from Mongolia are to be delivered in a few days. Other foodstuffs, including canned fish, oranges, raisins, fruit juices and rice have also begun to arrive in the past few days, according to the TV Service.

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Warsaw radio reported December 29 that Poland's coal production in 1981 is expected to total 151 million tons, down 32 million tons from 1980. Coal exports in 1981 were expected to be only 8 million tons, compared to 26.7 million tons in 1979.



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Date 27 DEC 1981

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